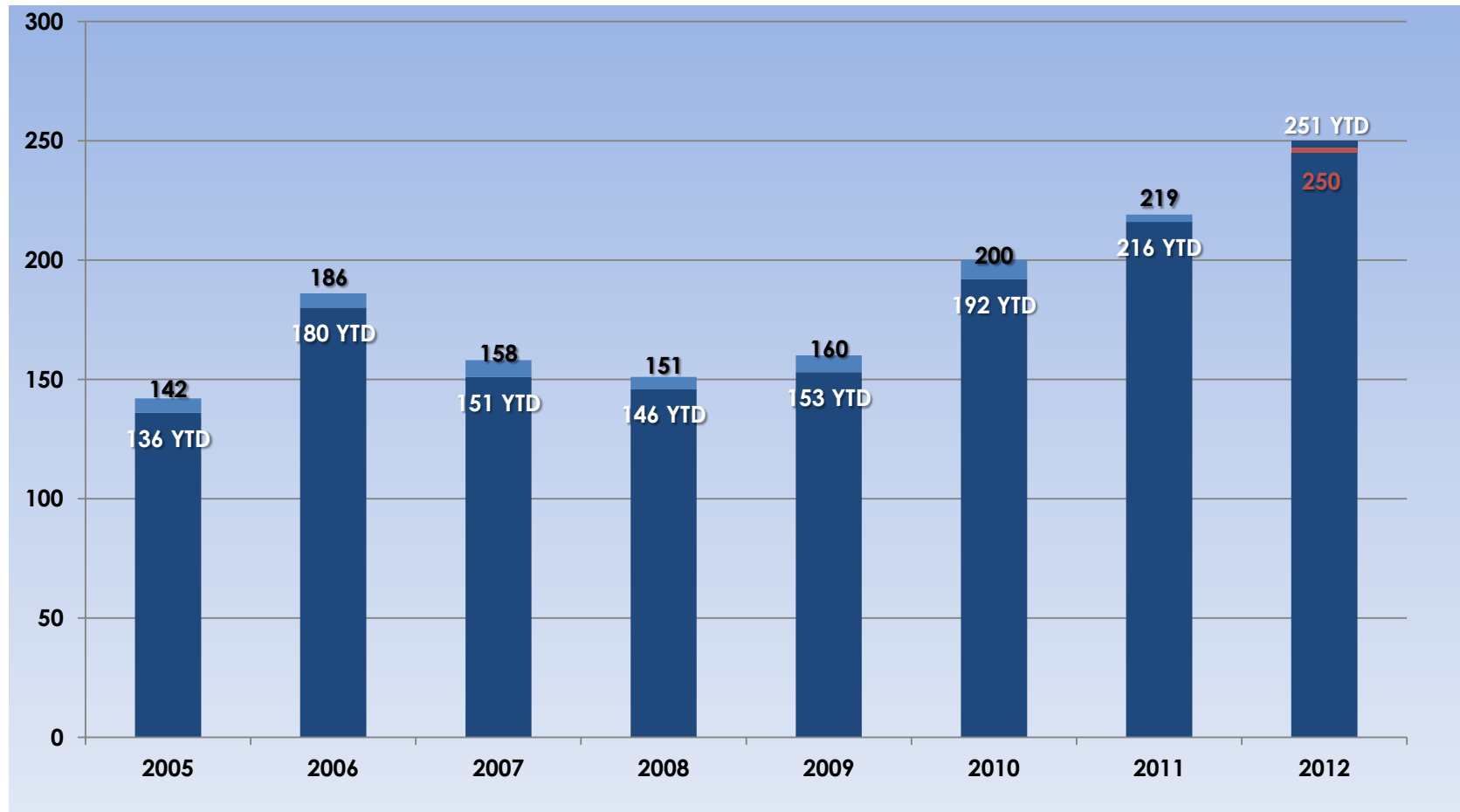


# IEDC BOARD OF DIRECTORS

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12.11.2012

# TOTAL COMPETITIVE PROJECTS



■ Goal  
■ YTD as of 12.10.12

# INVESTMENT FALLS OFF A CLIFF

U.S. COMPANIES CUT SPENDING PLANS AMID FISCAL AND ECONOMIC UNVERTAINTY



**THE WALL STREET JOURNAL.**  
U.S. EDITION | Monday, November 19, 2012

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Earnings Economy Health Law Autos Management Media & Marketing Energy Small Business

TOP STORIES IN Business  
Intel CEO Steps Down  
In Mexico, Auto Plants Hit the G

**BUSINESS | November 19, 2012**  
**Investment Falls Off a Cliff**  
*U.S. Companies Cut Spending Plans Amid Fiscal and Economic Uncertainty*

Article Video Stock Quotes Comments (556)

By SUDEEP REDDY and SCOTT THURM

U.S. companies are scaling back investment plans at the fastest pace since the recession, signaling more trouble for the economic recovery.

Half of the nation's 40 biggest publicly traded corporate spenders have announced plans to curtail capital expenditures this year or next, according to a review by The Wall Street Journal of securities filings and conference calls.

Nationwide, business investment in equipment and software—a measure of economic vitality in the corporate sector—stalled in the third quarter for the first time since early 2009. Corporate investment in new buildings has declined.

At the same time, exports are slowing or falling to such critical markets as China and the euro zone as the global economy downshifts, creating another drag on firms' expansion plans.

Corporate executives say they are slowing or delaying big projects to protect profits amid easing demand and rising uncertainty. Uncertainty around the U.S. elections and federal budget policies also appear among the factors driving the investment pullback since

Motorola CEO Greg Brown warned Congress that inaction on the "fiscal cliff" will undermine the U.S. economy; Intel announced the retirement of CEO Paul Otellini; Netpage's CEO Paul Morris joins Google to discuss his new interactive app. Photo: Getty.

**Fiscal Cliff Looms | Companies scale back investment amid uncertainty**

Investment spending in the U.S. has been on a downward trend since the recession, signaling more trouble for the economic recovery. U.S. companies are scaling back investment plans at the fastest pace since the recession, signaling more trouble for the economic recovery. U.S. companies are scaling back investment plans at the fastest pace since the recession, signaling more trouble for the economic recovery.

## THE WALL STREET JOURNAL | Nov. 19, 2012

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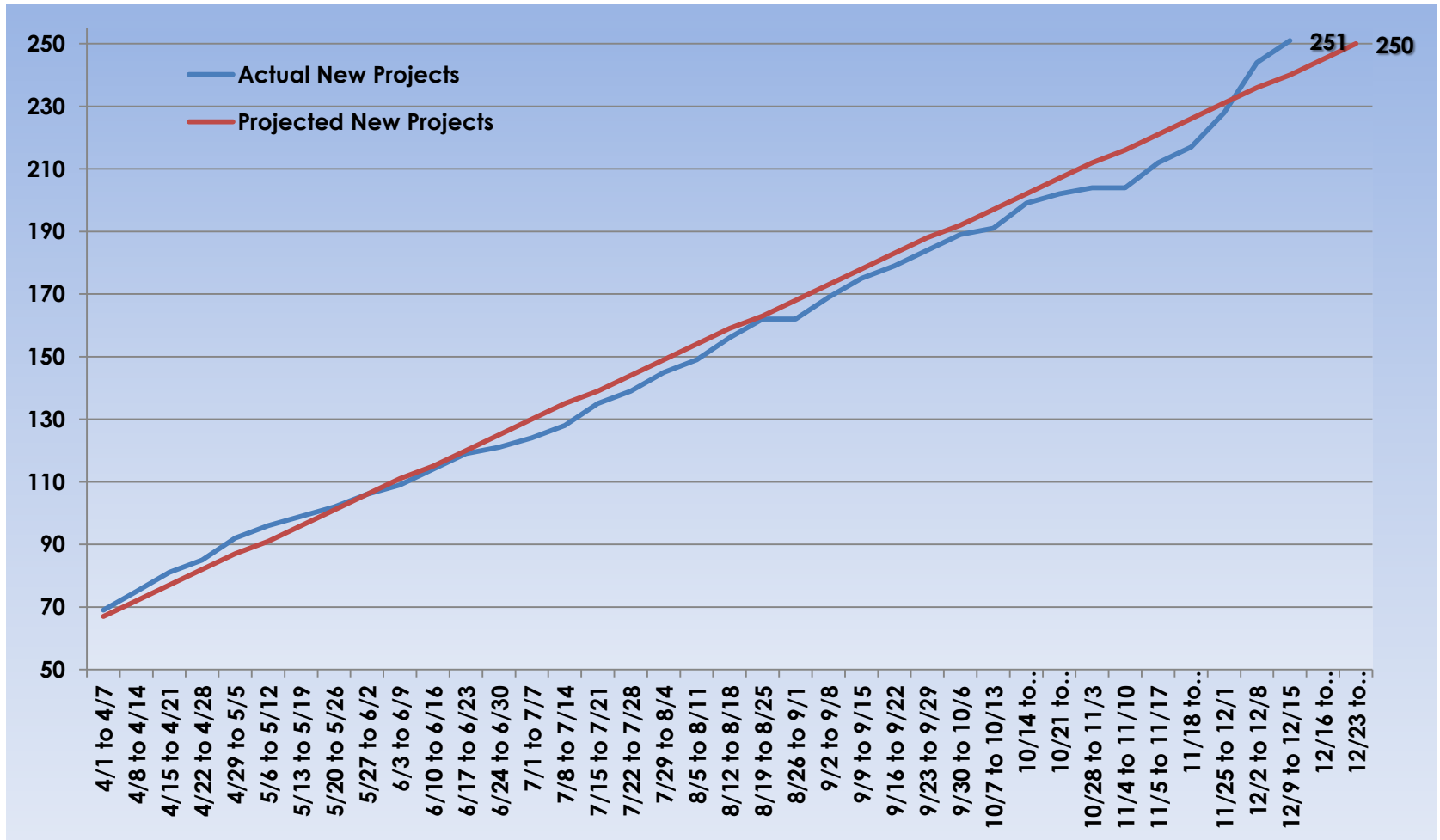
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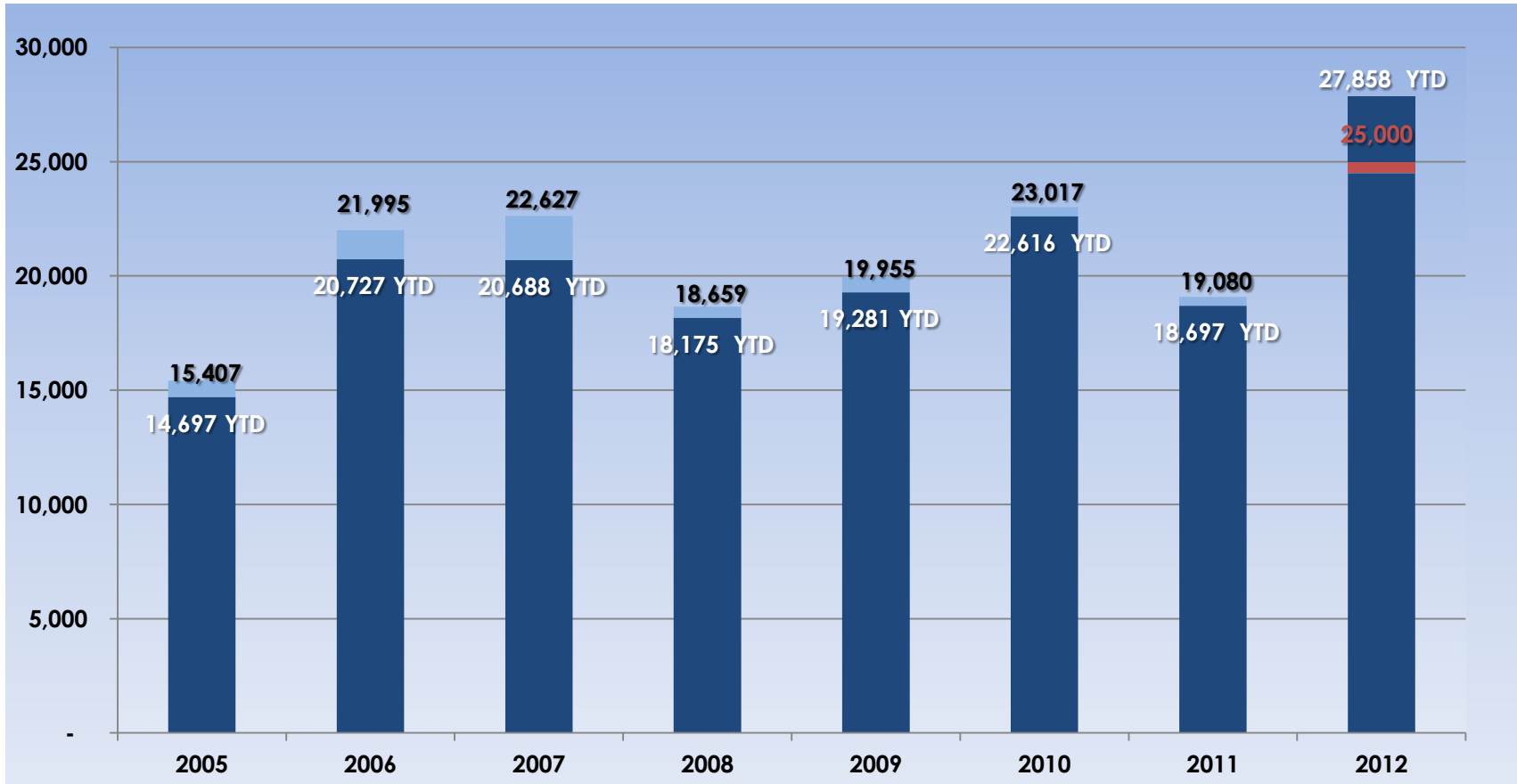
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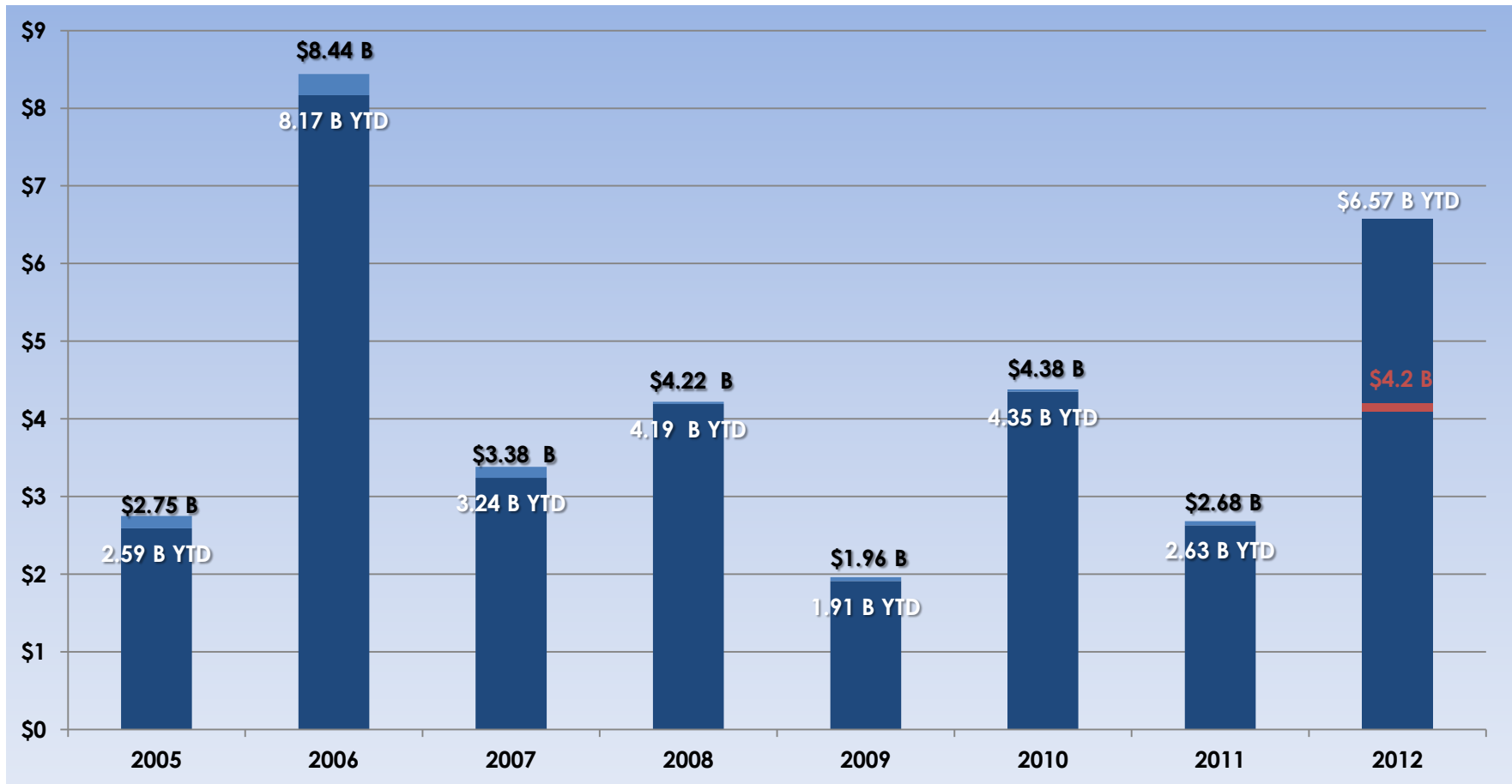
# 2012 RUN RATE BY WEEK



# PRIVATE SECTOR JOB PROJECTIONS



# PRIVATE SECTOR INVESTMENT PROJECTIONS



# INCENTIVES

## PER CAPITA

Indiana (state & local) uses less incentives than all but Nevada, North Dakota, South Dakota, New Jersey & New Hampshire

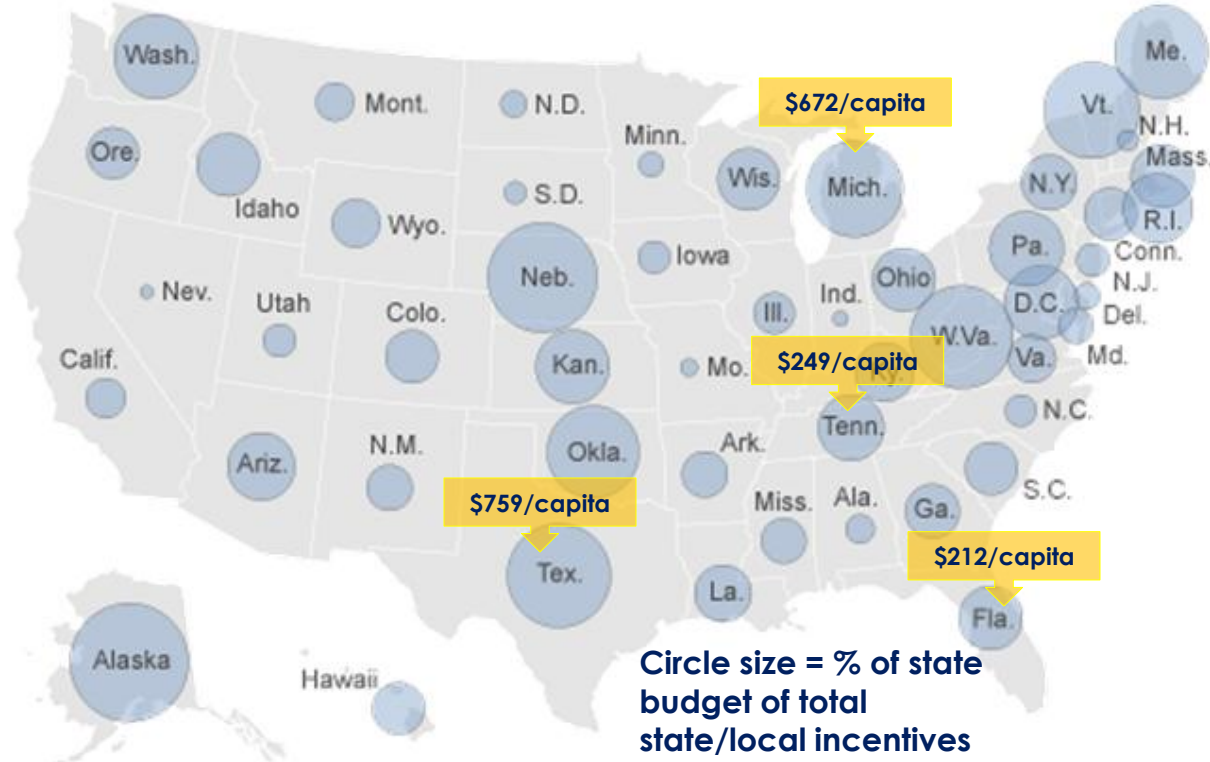
### INDIANA

- ▶ \$142/capita
- ▶ 87% NOL carry forward
- ▶ 8% State performance based tax credit
- ▶ 0 Cash grants/loan guarantees

## The New York Times

### As Companies Seek Tax Deals, Governments Pay High Price

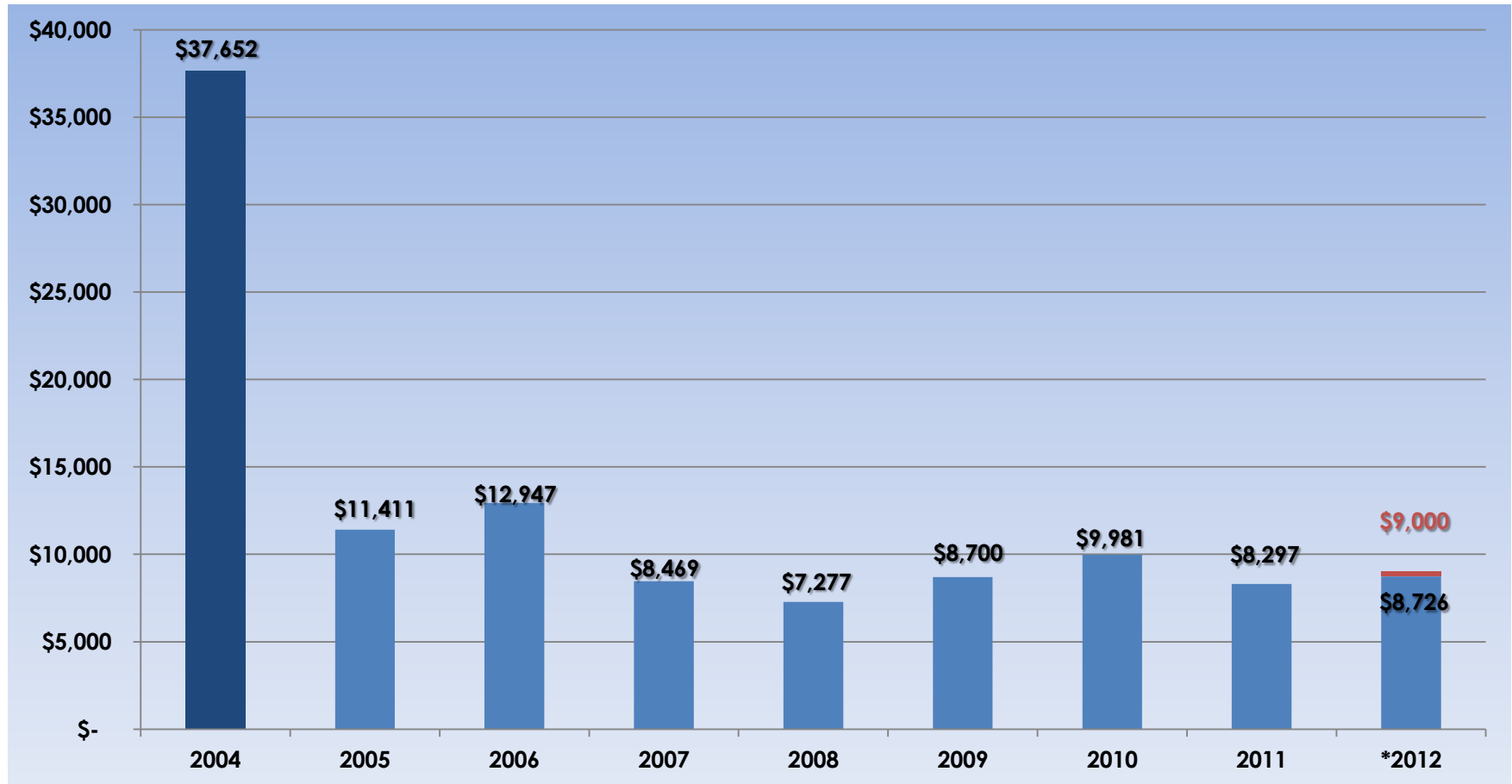
Source: NYTimes.com, December 1, 2012



Circle size = % of state budget of total state/local incentives

Source: NYTimes.com, Dec.2012

# CONDITIONAL INCENTIVES PER JOB



Goal

As of 12.10.12



# HOOSIER AVERAGE WAGE



# PROJECT WIN REPORT

## MAGNETATION, REYNOLDS

- ▶ The company, a joint venture between Magnetation, Inc. and AK Steel Corp, recycles iron waste to produce valuable iron ore concentrate.
- ▶ The White County plant, the company's first Indiana facility, will produce high-quality iron ore pellets.
- ▶ 100 projected new jobs
- ▶ \$350 million capital investment
- ▶ **Key Deal Factors: (IDEM/INDOT).** The company is locating in the former VeraSun Ethanol site, a site that already had rail infrastructure in place and is dual-served by rail. Our streamlined process for obtaining critical environmental permits was also a factor.

*"With convenient access to major railways and highways, Reynolds is an outstanding location for the company's new pellet plant. We thank our local and state officials in Indiana for their ongoing support of our company, and we look forward to joining the Reynolds community in the very near future."*

- Larry Lehtinen, chief executive officer of Magnetation

# PROJECT LOSS REPORT

## Project Green, *Merrillville*

- ▶ An attraction opportunity for a food distribution center.
- ▶ 289 projected new jobs at wages above IEDC average
- ▶ \$56 million capital investment
- ▶ Company considered Merrillville, Ind. and Wisconsin.
- ▶ **Key Deal Factors:** The company stressed it did not want third party representation on the project but was open to using union subcontractors whose bids were competitive. Despite this being made clear to local officials, at a final meeting a local official went to extremes to state his support for unions and described Merrillville and “a union town.” This gave the company sufficient concern to eliminate Indiana from consideration.

*“The tone and content of our last meeting with your group in Merrillville was not comforting to the company...”*

- Company's Consultant

# COMPLIANCE REPORT

	(In Millions) <u>Q4 (IN MILLIONS)</u>	<u>TOTAL (IN MILLIONS)</u>
Received	+\$2.2	\$7.6
Receivable	--	\$0
Performance Workout	--	\$.1
Write-Offs	+\$\$.20	\$3.2
In Collection (AG/DOR)	-\$\$.10	\$4.8
<b>TOTAL AMOUNTS</b> (projects originating 1994 to present)	<b>+\$2.3</b>	<b>\$15.7</b>

Received  
\$5M  
in 2012

# AN EIGHT-YEAR JOURNEY

**SINCE 2005 INDIANA HAS CULTIVATED A PRO-BUSINESS CLIMATE FOR RECORD ECONOMIC DEVELOPMENT SUCCESS**

YEAR	TOTAL PROJECTS	PROJECTED NEW JOBS	PROJECTED CAPITAL INVESTMENT
2012 YTD*	251	27,858	\$6,579,199,028
2011	219	19,080	\$2,681,629,249
2010	200	23,017	\$4,382,803,801
2009	160	19,955	\$1,951,932,800
2008	151	18,659	\$4,219,729,598
2007	158	22,627	\$3,382,319,020
2006	186	21,995	\$8,442,352,600
2005	142	15,407	\$2,754,993,000
<b>TOTAL</b>	<b>1,467</b>	<b>168,598</b>	<b>\$34,394,959,096</b>

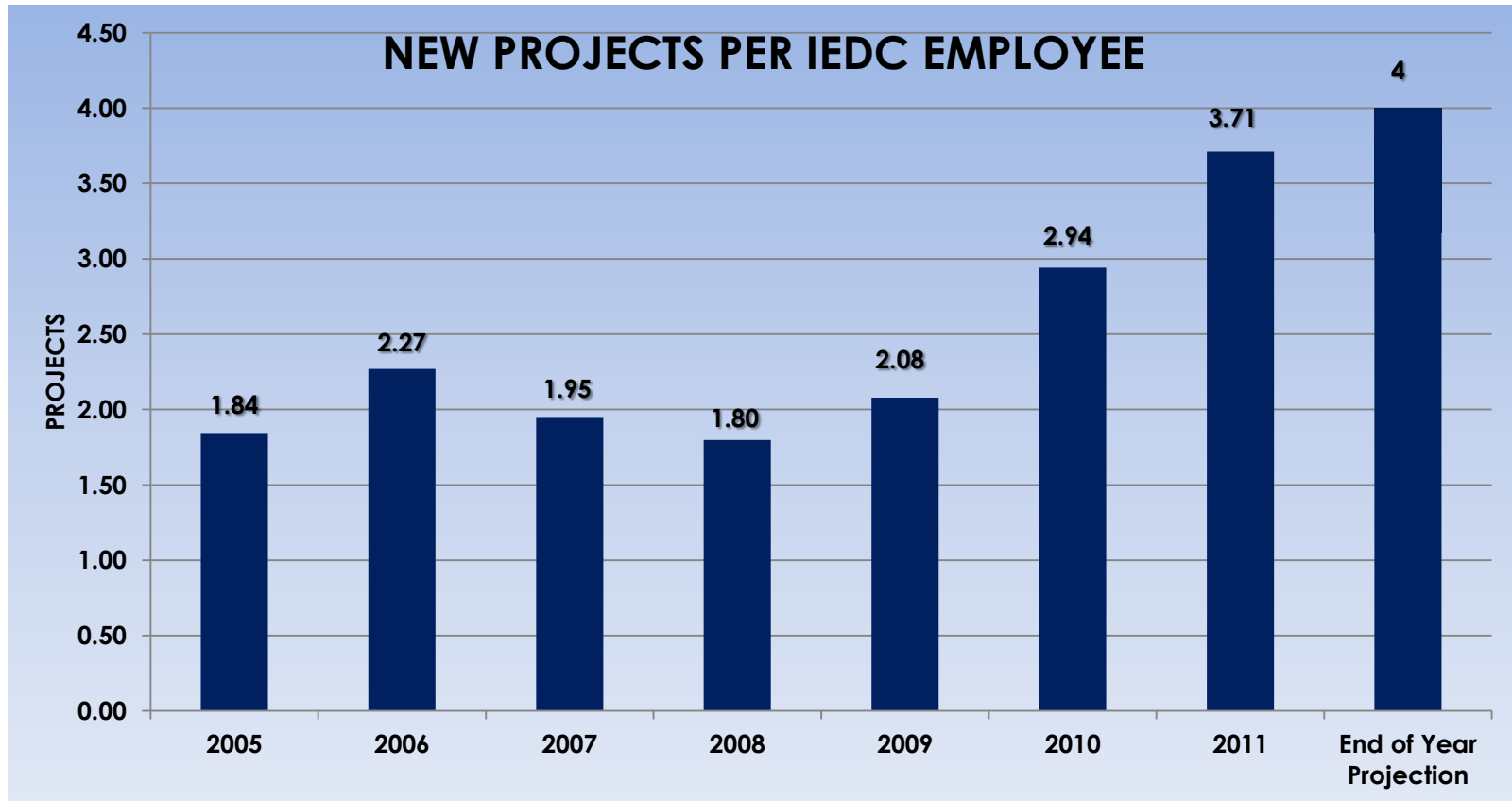
\*As of 12.10.12

*"We set out to build the best sandbox in America, a place where men and women of enterprise knew that, if they risked a buck on their idea or their dream, they would have the best possible chance to get it back, with something left over they could use to hire the next Hoosier."*

- Governor Mitch Daniels, 2012 State of the State Address

# IEDC PRODUCTIVITY

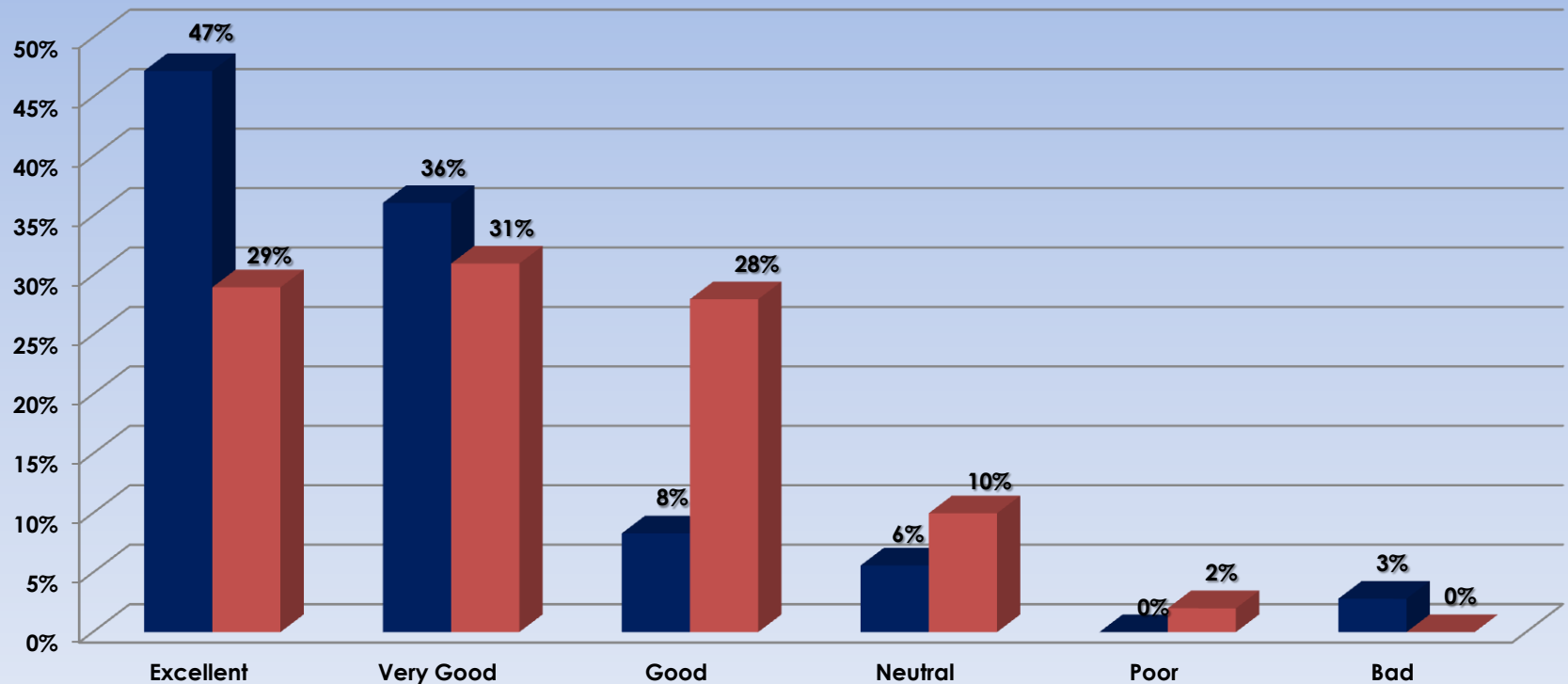
20% Reduction-Personnel  
60% Increase-Volume



## EVALUATION OF IEDC- IMPROVING ON ALREADY HIGH RATINGS

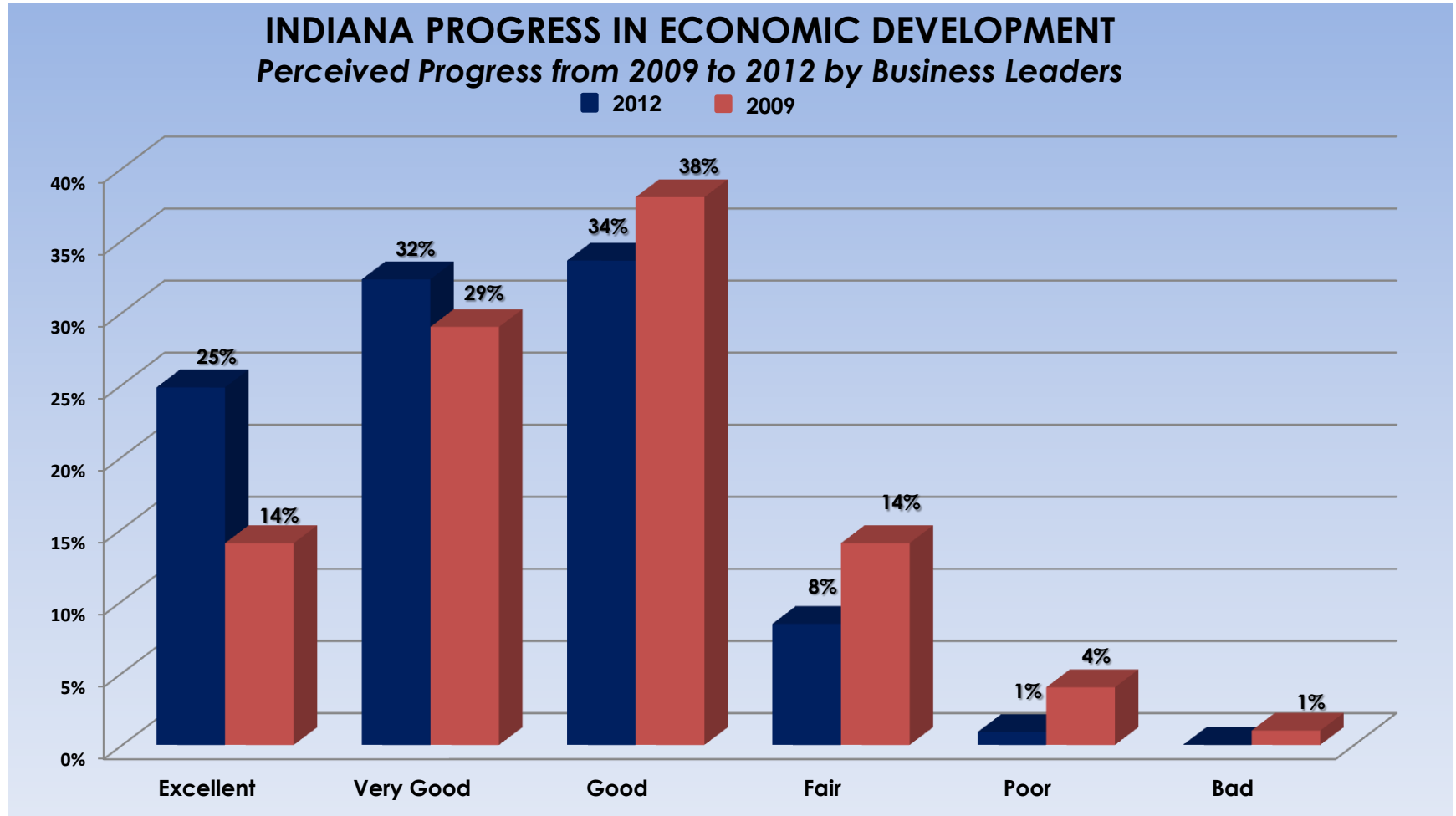
### EVALUATION OF IEDC BY BUSINESS LEADERS

■ 2012 ■ 2009



Strategic Marketing & Research, Inc.

## INDIANA PERCEIVED PROGRESS IN ECONOMIC DEVELOPMENT



Strategic Marketing & Research, Inc.



## ...STAYING IN THE LEAD REQUIRES IMPROVEMENT

- **Workforce Skills/Health**
- **Entrepreneurism, Start Ups, Angel/Venture Capital**
- **Brand Awareness/Voice**

## 2012 MANUFACTURING AND LOGISTICS REPORT CARD

Indiana ranks 1<sup>st</sup> among states in per capita manufacturing employment and 9<sup>th</sup> in logistics employment.

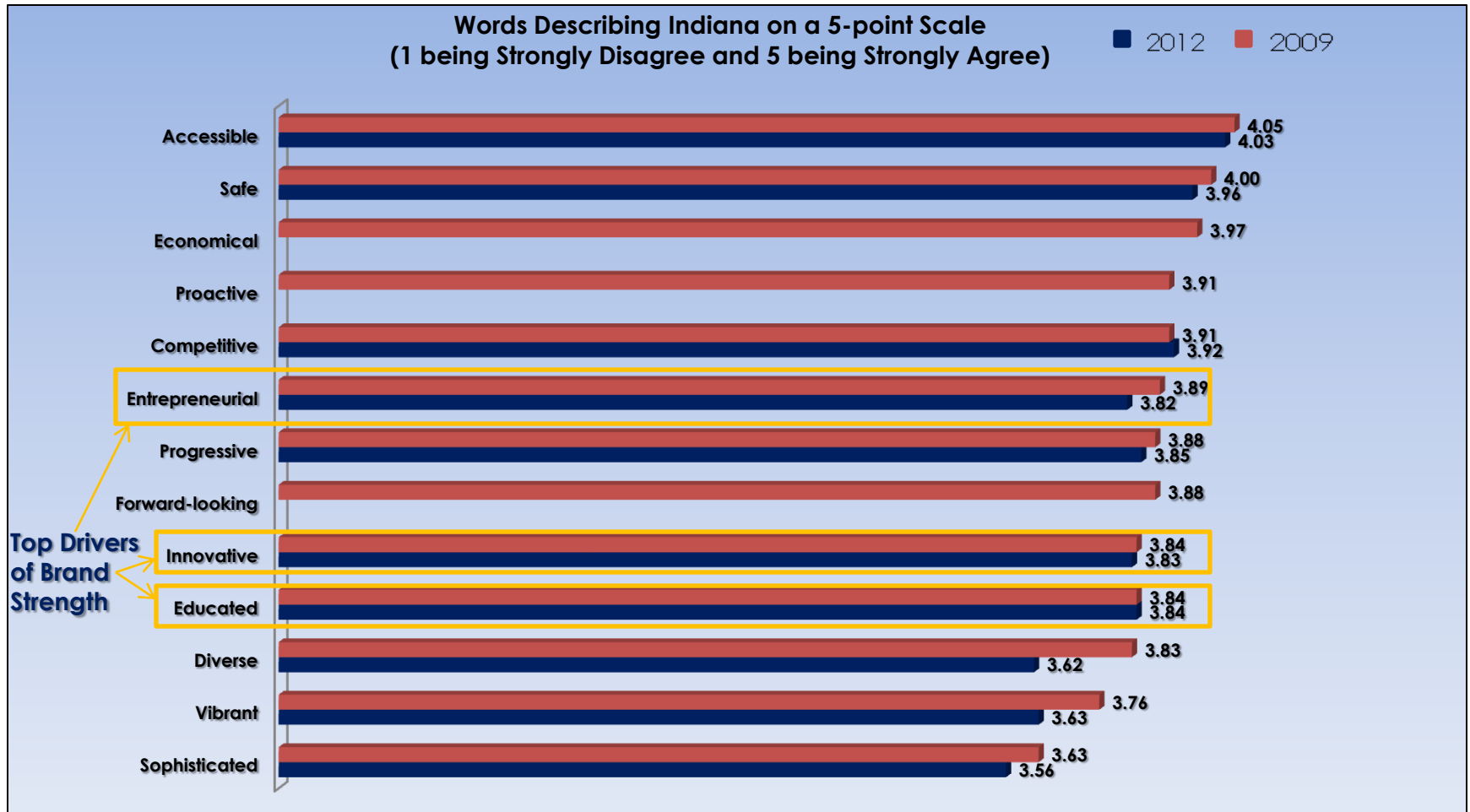
U.S. STATE	MANUFACTURING INDUSTRY HEALTH	LOGISTICS INDUSTRY HEALTH	HUMAN CAPITAL**	TAX CLIMATE	GLOBAL REACH	PRODUCTIVITY and INNOVATION
ILLINOIS	C	A	C	F	B	B
<b>INDIANA</b>	<b>A</b>	<b>A</b>	<b>C-</b>	<b>A</b>	<b>A</b>	<b>B+</b>
KENTUCKY	B	B	D-	C	B+	D
MICHIGAN	A	C+	D	C-	B+	A
OHIO	A	A	C	C	A	C
WISCONSIN	B+	B-	B+	D+	C	C



**\*\*Human Capital Definition– A measure of education and skill level, and (in some settings) health of residents and workers within a region**

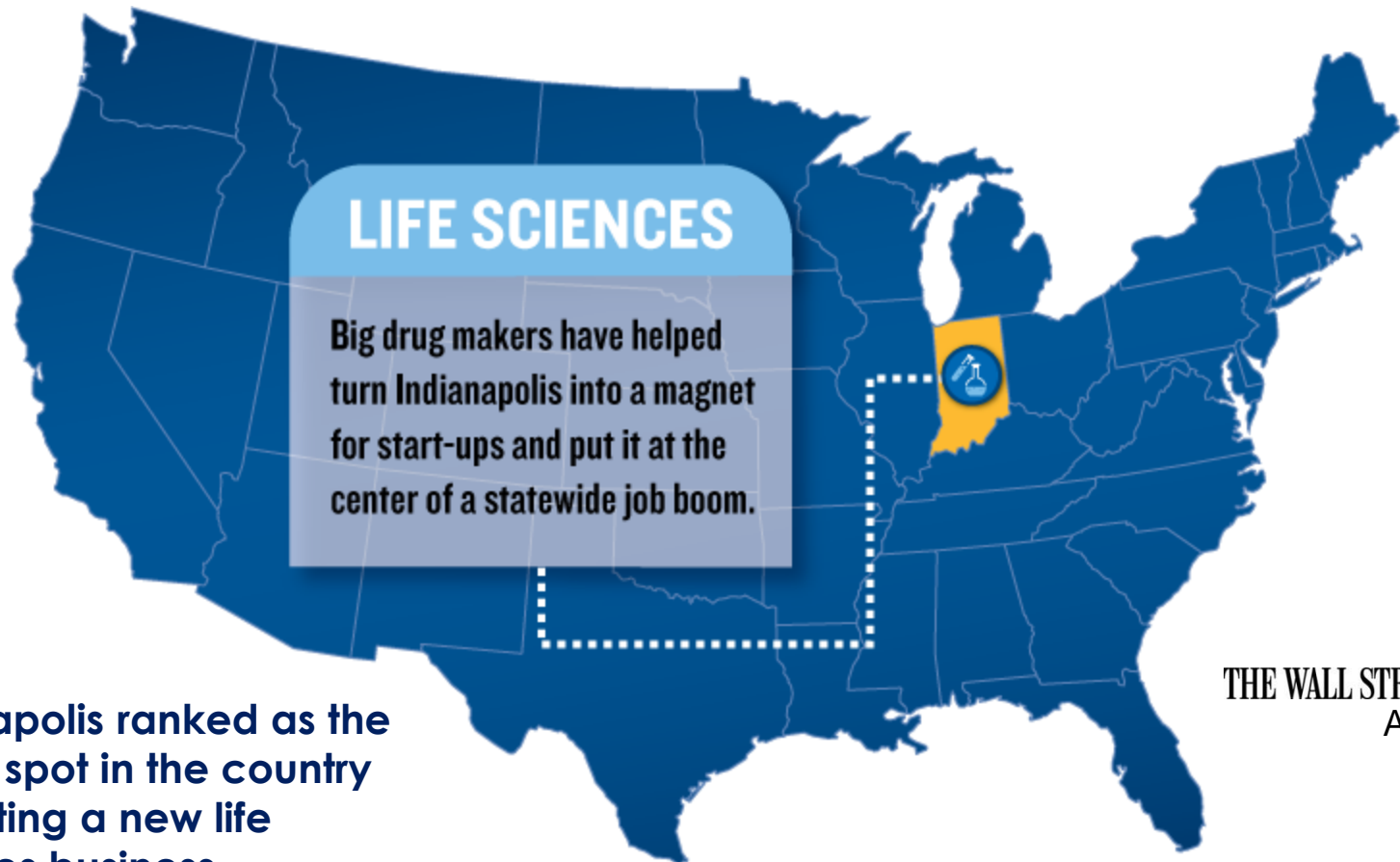
*2012 Manufacturing and Logistics Annual Report*

## 3 KEY PRODUCT ATTRIBUTES WILL STRENGTHEN BRAND INDIANA ENTREPRENEURISM, INNOVATION, AND EDUCATION



Strategic Marketing & Research, Inc.

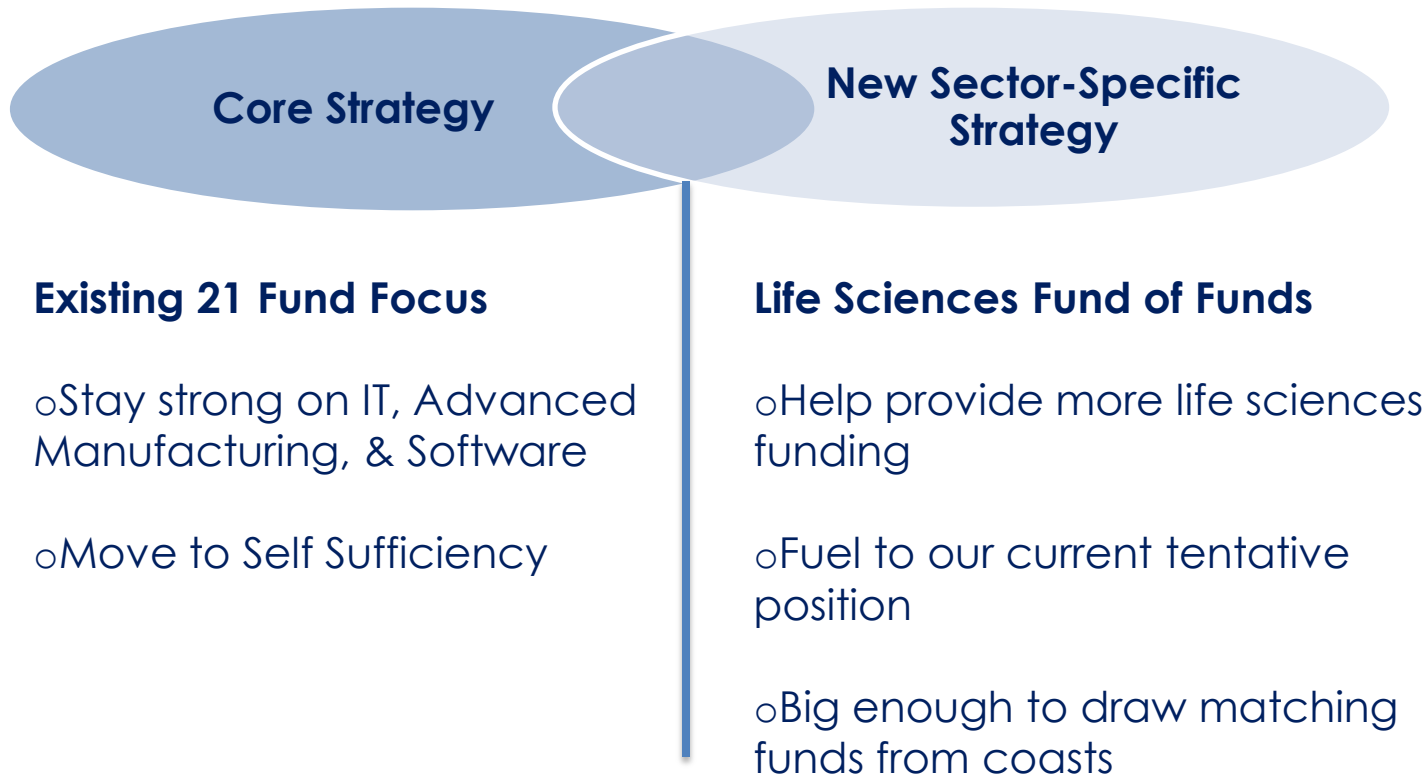
# WHERE THE ACTION IS-LIFE SCIENCES BUSINESS BOOM IN INDIANAPOLIS



Indianapolis ranked as the hottest spot in the country for starting a new life sciences business.

THE WALL STREET JOURNAL.  
August 2011

# 21 FUND 2013-2015 ASK



# AND FINALLY... BRAG & SWAG

Indiana ranks **1<sup>st</sup> in the Midwest** and **5<sup>th</sup> in the nation** in CEO magazine's Best/Worst States survey.

**Rust Belt  
Corn Belt  
Bible Belt  
Flyover State**

**AAA  
CREDIT  
RATING**

Pollina rates **Indiana as the best place to do business** in the Midwest and 5<sup>th</sup> best nationwide.

**OUTPACING  
THE NATION  
IN JOB  
GROWTH**

NFL Hall of Fame Quarterback Joe Theisman makes stops at airports all over the country, but **he always looks forward to being back in the Hoosier State**. Theisman says,  
*"You are dealing with Midwestern people and everybody is so darn nice. For everybody to come here and be surprised that everything runs smoothly, that everybody is wonderful, they have not traveled to the Midwest very much, or Indianapolis in particular."*

## ...MAINTAINING COMPETITIVE ADVANTAGE

- **Workforce Skills/Health**
  - SEF Training \$
- **Entrepreneurism, Start ups, Angel/Venture Capital**
  - 21 Fund Life Sciences Fund Creation
- **Brand Awareness/Voice**
  - \$ to Tell the Story

# IEDC BOARD OF DIRECTORS

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12.11.2012